

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
INDIANA MICHIGAN POWER COMPANY)	
for a power supply cost recovery reconciliation)	Case No. U-17919-R
proceeding for the 12-month period ended)	
December 31, 2016.)	
_____)	

At the October 11, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 31, 2017, Indiana Michigan Power Company (I&M) filed an application, with supporting testimony and exhibits, requesting approval of its power supply cost recovery reconciliation for the 12-month period ended December 31, 2016. A prehearing conference was held on May 31, 2017, before Administrative Law Judge Mark E. Cummins. I&M and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement, and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Indiana Michigan Power Company's reconciliation of its power supply cost recovery for the 12-month period ended December 31, 2016, is approved.

C. Indiana Michigan Power Company is authorized to roll in the net 2016 actual power supply cost underrecovery of \$12,262,847 as the 2017 power supply cost recovery reconciliation beginning balance.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of October 11, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the Application of INDIANA)	
MICHIGAN POWER COMPANY for a Power Supply)	Case No. U-17919-R
Cost Recovery Reconciliation proceeding for the)	
12-month period ended December 31, 2016.)	

SETTLEMENT AGREEMENT

Pursuant to Section 78 of the Administrative Procedures Act of 1969 as amended (1969 PA 306, § 78; MCL 24.278) (the “APA”), and Rule 333 of the Rules of the Practice and Procedure Before the Commission, R. 460.17333, Indiana Michigan Power Company (“I&M” or the “Company”) and the Michigan Public Service Commission (“Commission”) Staff (“Staff”), hereby agree as follows:

1. On September 30, 2015, in Case No. U-17919, the Company filed an application with the Commission requesting approval of a 2016 PSCR Plan and PSCR Factor of 8.89 mills per kWh applicable to customers during the billing months of 2016. As permitted under Section 6(j) of Act 304, the Company implemented a PSCR factor of 8.89 mills per kWh effective with the January 2016 billing month.

2. On March 29, 2016, the Commission issued an Order Approving Settlement Agreement in the Company’s 2016 PSCR Plan in Case No. U-17919. The Order approved a PSCR factor of up to 8.89 mills per kWh during the 12-month period ending December 2016. As permitted under the Commission’s Order, customers continued to be billed a PSCR factor of 8.89 mills per kWh during the remaining 2016 billing months.

3. Section 6j(12) of Act 304 requires the Commission to commence a Power Supply Cost Recovery (“PSCR”) Reconciliation proceeding not less than once a year, and not later than three months after the end of the twelve-month period covered by a utility’s PSCR plan, in order to reconcile the revenue recorded pursuant to a utility’s PSCR factor and the allowance for cost of power supply included in the base rates established in the latest Commission Order for the utility, with the amounts actually expensed and included in the cost of power supply by the utility.

4. On March 31, 2017, within three months after the end of the twelve-month period covered by the Company’s 2016 PSCR plan, the Company filed an application requesting that the Commission commence a PSCR Reconciliation proceeding for the twelve-month period ended December 31, 2016. The Company’s Application requested that the Commission approve the Company’s power supply costs, revenues, and interest for January through December 2016, and determine that the power supply costs as presented in its reconciliation filing were reasonably and prudently incurred. The Company also requested authorization to roll in the net actual under-recovered principal and interest amount of \$12,274,509. The Company’s Application was supported by the Direct Testimony and supported exhibits of Charles F. West, Mickey L. Bellville, David G. Erickson, Carole A. Myser, and David L. Hille.

5. On May 31, 2017, a prehearing conference was held pursuant to the Commission’s Notice of Hearing. The prehearing conference was conducted as a contested case matter pursuant to the APA. At the prehearing conference, the Company presented proof of service of the Notice of Hearing on all cities, incorporated villages, townships, and counties in its Michigan electric service area, and to Intervenor

in Case Numbers U-17919 and U-16769-R. The Company also presented proof of service in daily newspapers of general circulation in its Michigan electric service area, and Affidavits of Publication were electronically filed on the Commission's website. Staff and the Company participated in the proceeding, and there were no intervenors.

6. The parties have had extensive discussions, and have agreed to enter into this Settlement Agreement. In view of the foregoing, and pursuant to Section 78 of the APA (MCL 24.278), the Company and Staff hereby stipulate and agree as follows:

- a. The Commission should approve I&M's 2016 PSCR Reconciliation filing for the twelve-month period ended December 31, 2016.
- b. The Commission should authorize the Company to roll in the net actual power supply cost under-recovery from customers consisting of principal and interest of \$12,262,847 and otherwise find the Company's power supply costs as reflected in this case to be reasonably and prudently incurred.

7. All the signatories are of the opinion that this Settlement Agreement is reasonable, in the public interest, and will aid in the expeditious conclusion of this case only.

8. The parties respectfully request that the Commission promptly issue an order accepting and approving this Settlement Agreement. If the Commission issues an order accepting and adopting the Settlement Agreement without modification, no party will appeal, challenge, or contest the Commission's Order accepting and approving this Settlement Agreement. If the Commission does not accept and approve this Settlement Agreement without modification, this Settlement Agreement shall be withdrawn and

shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

9. This Settlement Agreement has been made for the sole and express purpose of reaching compromise among the positions of the signatory parties in Case No. U-17919-R without prejudice to their rights to take new and/or different positions in other proceedings. If the Commission approves this settlement agreement without modification, neither the parties to this settlement agreement nor the Commission shall make any reference to or use the settlement agreement or the order approving it as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in this case or any other cases or proceedings; provided, however, such reference or use may be made to enforce the settlement agreement and order.

10. The Company and Staff jointly recommend that the Commission issue an Order Adopting Settlement Agreement.

11. The stipulations and agreements contained in this Settlement Agreement shall constitute the record needed to support the Commission order in this case.

12. Section 81 of the APA (MCL 24.281) is waived.

Dated: September 18, 2017



COMMISSION STAFF
Michael J. Orris (P51232)
Assistant Attorney General
Public Service Division
7109 West Saginaw Highway, 3rd Floor
Lansing, MI 48917-1120
(517) 284-8140

Dated: September 18, 2017

Richard J. Aaron

Digitally signed by: Richard J. Aaron
DN: CN = Richard J. Aaron email =
raaron@dykema.com C = US O = Dykema
Gossett PLLC
Date: 2017.09.18 11:01:59 -05'00'

Richard J. Aaron (P35605)
DYKEMA GOSSETT PLLC
Attorneys for Indiana Michigan Power
Company
Capitol View
201 Townsend Street, Suite 900
Lansing, MI 48933
(517) 374-9100